



House of Representatives

General Assembly

File No. 586

February Session, 2006

Substitute House Bill No. 5726

House of Representatives, April 20, 2006

The Committee on Appropriations reported through REP. MERRILL of the 54th Dist., Chairperson of the Committee on the part of the House, that the substitute bill ought to pass.

AN ACT CONCERNING THE COMMENCING DATE OF BENEFIT PAYMENTS, OPTIONS OF CERTAIN SURVIVING SPOUSES AND HEALTH BENEFIT PLANS UNDER THE TEACHERS' RETIREMENT SYSTEM.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Subsection (g) of section 10-183g of the general statutes is
2 repealed and the following is substituted in lieu thereof (*Effective July*
3 *1, 2006*):

4 (g) A member's complete formal application for retirement, if sent
5 by mail, shall be deemed to have been filed with the board on the date
6 such application is postmarked. No benefit computed under
7 subsections (a) to (d), inclusive, of this section and under subsections
8 (a) to (g), inclusive, of section 10-183aa shall become effective until the
9 end of the calendar month of the filing by the member with the board
10 of a complete formal application for retirement. Such benefit shall
11 accrue from the first day of the month following such calendar month
12 and payment of such benefit in equal monthly installments shall

13 commence on the last day of the month in which such benefit begins to
14 accrue. The initial payment of such benefit may be made not later than
15 three months following the effective date of retirement, provided such
16 payment shall be retroactive to such effective date. Upon a finding that
17 extenuating circumstances relating to the health of a member caused a
18 delay in the filing of the member's complete formal application, and
19 such application is filed on or after July 1, 1986, the board may deem
20 such application to have been filed up to three months earlier than the
21 actual date of the filing. Upon a finding that extenuating circumstances
22 related to the health of a member caused a delay in the filing of an
23 election pursuant to subsection (g) of section 10-183aa, and such
24 election is filed on or after July 1, 1986, the board may deem such
25 election to have been filed as of the date such member's benefits would
26 otherwise have been converted to a normal retirement allowance,
27 provided such member's disability allowance became effective on or
28 before November 1, 1976, and such member attained the age of sixty
29 on or after August 1, 1984.

30 Sec. 2. Section 10-183h of the general statutes is amended by adding
31 subsection (g) as follows (*Effective July 1, 2006*):

32 (NEW) (g) If a member who has filed an application for retirement
33 dies prior to the effective date of retirement, such member's spouse, if
34 such spouse is designated on such application as the sole beneficiary,
35 may elect to receive either (1) the preretirement death benefits as set
36 forth in this section, or (2) the benefit payment option selected by the
37 deceased member on such retirement application.

38 Sec. 3. Subsection (a) of section 10-183t of the 2006 supplement to
39 the general statutes is repealed and the following is substituted in lieu
40 thereof (*Effective July 1, 2006*):

41 (a) The retirement board shall offer one or more health benefit plans
42 to: Any member receiving retirement benefits or a disability allowance
43 from the system; the spouse or surviving spouse of such member, and
44 a disabled dependent of such member if there is no spouse or
45 surviving spouse, provided such member, spouse, surviving spouse,

46 or disabled dependent is participating in Medicare Part A hospital
47 insurance and Medicare Part B medical insurance. The board may offer
48 one or more basic plans, the cost of which to any such member,
49 spouse, surviving spouse or disabled dependent shall be one-third of
50 the basic plan's premium equivalent, and one or more optional plans,
51 provided such member, spouse, surviving spouse or disabled
52 dependent shall pay one-third of the basic plan's premium equivalent
53 plus the difference in cost between any such basic plans and any such
54 optional plans. The board shall designate those plans which are basic
55 and those plans which are optional for the purpose of determining
56 such cost and the amount to be charged or withheld from benefit
57 payments for such plans. The surviving spouse of a member, or a
58 disabled dependent of a member if there is no surviving spouse, shall
59 not be ineligible for participation in any such plan solely because such
60 surviving spouse or disabled dependent is not receiving benefits from
61 the system. With respect to any person participating in any such plan,
62 the state shall appropriate to the board one-third of the cost of such
63 basic plan or plans, or one-third of the cost of the rate in effect during
64 the fiscal year ending June 30, 1998, whichever is greater.

65 Sec. 4. Subsection (b) of section 10-183e of the general statutes is
66 repealed and the following is substituted in lieu thereof (*Effective July*
67 *1, 2006*):

68 (b) Any member may purchase, as provided in subsection (c) of this
69 section, additional credited service, but not to exceed an aggregate of
70 one year in the case of service described in subdivision (2) of this
71 subsection for each two years of active full-time service as a
72 Connecticut teacher; and not to exceed an aggregate of one year in the
73 case of absence described in subdivision (8) of this subsection for each
74 five years of active full-time service as a Connecticut teacher, provided
75 if any such absence exceeds thirty consecutive school months, such
76 additional credited service shall be limited to thirty school months;
77 and not to exceed an aggregate of ten years for all service described in
78 this subsection. In no event, however, may any service described in
79 this subsection be purchased if the member is receiving or is, or will

80 become, entitled to receive a retirement benefit based upon such
81 service from any governmental system other than the teachers'
82 retirement system or the federal Social Security System. Additional
83 credited service includes:

84 (1) Service as a teacher in a school for military dependents
85 established by the United States Department of Defense;

86 (2) Service as a teacher in another state of the United States, its
87 territories or possessions;

88 (3) Service in the armed forces of the United States in time of war, as
89 defined in section 27-103, or service in said armed forces during the
90 period beginning October 27, 1953, and ending January 31, 1955;

91 (4) Service in a permanent full-time position for the state;

92 (5) Service as a teacher at The University of Connecticut prior to July
93 1, 1965;

94 (6) Service as a teacher at the Wheeler School and Library, North
95 Stonington, prior to September 1, 1949;

96 (7) Service as a teacher at the Gilbert Home, Winsted, prior to
97 September 1, 1948;

98 (8) Any formal leave of absence as provided in regulations adopted
99 by the board, if the member subsequently returns to service for at least
100 one school year;

101 (9) Service as a teacher at the American School at Hartford for the
102 Deaf, the Connecticut Institute for the Blind or the Newington
103 Children's Hospital;

104 (10) Forty or more days of service as a substitute teacher, or the
105 equivalent service rendered at less than half-time, in a single public
106 school system within the state of Connecticut in any school year,
107 provided eighteen days of such service shall equal one month of
108 credited service under subsection (a) of this section;

109 (11) Service in the armed forces of the United States, other than
 110 service described in subdivision (3) of this subsection, not to exceed
 111 thirty months;

112 (12) Service as a full-time, salaried, elected official of the state or any
 113 political subdivision of the state during the 1978 calendar year or
 114 thereafter, if such member subsequently returns to service for at least
 115 one school year;

116 (13) Service in the public schools of Connecticut as a member of the
 117 federal Teacher Corps, not to exceed two years; [and]

118 (14) Service in the United States Peace Corps; and

119 (15) Service in the public schools of Connecticut as a social work
 120 assistant, from January 1, 1969, to December 31, 1986, inclusive, if such
 121 member became a certified school social worker and remained in
 122 public school service as a social worker after certification.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>July 1, 2006</i>	10-183g(g)
Sec. 2	<i>July 1, 2006</i>	10-183h
Sec. 3	<i>July 1, 2006</i>	10-183t(a)
Sec. 4	<i>July 1, 2006</i>	10-183e(b)

APP *Joint Favorable Subst.*

The following fiscal impact statement and bill analysis are prepared for the benefit of members of the General Assembly, solely for the purpose of information, summarization, and explanation, and do not represent the intent of the General Assembly or either House thereof for any purpose:

OFA Fiscal Note**State Impact:**

Agency Affected	Fund-Effect	FY 07 \$	FY 08 \$
Teachers' Retirement Bd.	Teachers' Retirement Fund - Cost	Indeterminate	Indeterminate

Municipal Impact:

Municipalities	Effect	FY 07 \$	FY 08 \$
Various Municipalities	Potential Savings	Indeterminate	Indeterminate

Explanation

This bill makes three technical changes that conform the Teachers Retirement statutes to current practice. These provisions have no fiscal impact.

The final section of the bill allows certified school social workers to purchase additional credited service in the Teachers' Retirement System (TRS), not to exceed ten years. As is the case with the existing purchase provisions, the teacher must pay one-half of the actuarial value of the additional credited service and the state bears the cost of the remaining half. On average, the unfunded liability of the TRS will increase \$7,000 for each year of additional service credit. While there are 750 school social workers, it is not known how many of these employees are eligible to purchase retirement credit for service as social work assistants from 1969 through 1986. The exact fiscal impact related to this change must be calculated by the TRS actuary.

The Out Years

The annualized ongoing fiscal impact identified above would continue into the future subject to inflation.

OFA Bill Analysis**sHB 5726*****AN ACT CONCERNING THE COMMENCING DATE OF BENEFIT PAYMENTS, OPTIONS OF CERTAIN SURVIVING SPOUSES AND HEALTH BENEFIT PLANS UNDER THE TEACHERS' RETIREMENT SYSTEM.*****SUMMARY:**

The bill makes three technical changes to the administration of the Teachers' Retirement System (TRS) which conform the statutes to existing practice. The bill also adds qualified service as a social work assistant to the existing purchase of service provisions in TRS.

EFFECTIVE DATE: July 1, 2006

Technical Administrative Changes

The bill specifies the benefits of new July retirees be initiated on the last business day of August which conform the statutes to current practice. The second technical provision in the bill clarifies how to settle an account should a member die after filing for retirement benefits but prior to the effective date of retirement. This provision also conforms the law to current practice. The final provision would require a retired member or spouse who wants to enroll in the Teachers' Retirement Board (TRB) health insurance program to participate in Medicare Part B in addition to Part A. Although current statutes require participation in Part A, participation in both Medicare Part A and B are needed to provide full coverage. Since the law does not require Part B, a small number of members do not sign up for this provision, thinking that it is not needed. When they subsequently come to enroll in Part B, the premium is 10% per year higher for each year that enrollment was deferred. This provision would clarify the

Medicare coverage that is necessary and allow members to enroll at the earliest opportunity.

Purchase of Additional Credited Service

The bill adds an additional credited service purchase provision for qualified service as a social work assistant. There are currently fourteen additional credited service purchase provisions that allow members to purchase additional credit in the teachers' retirement system. Any purchase of service requires the member to pay to the Board an amount determined on an actuarial basis to reflect the present value one-half the full actuarial cost of the benefit increase that will be derived by the purchase of such service.

COMMITTEE ACTION

Appropriations Committee

Joint Favorable Substitute

Yea 36 Nay 8 (04/04/2006)